
SNOWVILLE TOWN

Reviewed Financial Statements

June 30, 2005

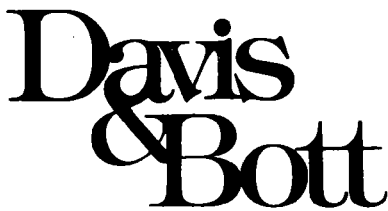
**Davis
& Bott**

Certified Public Accountants, L.C.
547 South Main
P.O. Box 369
Brigham City, Utah 84302
435-723-5224

Snowville Town
June 30, 2005

Table of Contents

	<u>Page No.</u>
Accountant's Review Report.....	1
Management's Discussion and Analysis.....	2 - 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements.....	16 - 21
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund	22
Note to Budgetary Comparison Schedule	23



Certified Public Accountants, L.C.

547 South Main
P.O. Box 369
Brigham City, Utah 84302
435-723-5224

216 East Main
Tremonton, Utah 84337
435-257-5486

To the Mayor and Town Council
Snowville Town
Snowville, UT 84336

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Snowville, Utah, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Snowville, Utah.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis on pages 2 through 9 and budgetary comparison information on pages 22 through 23, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

A handwritten signature in cursive script that reads "Davis & Bott". The signature is written in dark ink and is positioned above a horizontal line.

DAVIS & BOTT

Certified Public Accountants, L.C.

Brigham City, Utah
October 18, 2005

**Snowville Town
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

As management of Snowville, Utah, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2005. In 2004, the Town implemented new reporting standards established by the Governmental Accounting Standards Board. These new standards significantly change the content and structure of the financial statements.

FINANCIAL HIGHLIGHTS

- A. The assets of the Town exceeded its liabilities at June 30, 2005, by \$605,489. Of this amount, unrestricted net assets of \$291,138 may be used to meet the Town's ongoing obligations to citizens and creditors.
- B. The total net assets increased by \$29,527 over the prior year. The increase resulted from increased services provided by the Town's EMS Department.
- C. As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$245,184, a decrease of \$59,977 in comparison with the prior year. The entire fund balance amount of \$245,184 is unreserved and available for spending.
- D. At the end of the current fiscal year, unreserved fund balance for the general fund was \$106,273, or 44 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

See Accountants' Report

Snowville Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, and parks and cemetery. The Town has no business-type activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

See Accountants' Report

Snowville Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund. Both are considered major funds.

The Town adopts a one-year budget for its governmental funds. Budgetary comparison statements have been provided.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2005, the Town's assets exceeded liabilities by \$605,489. Approximately 51.9 percent of the Town's net assets reflect its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

See Accountants' Report

**Snowville Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005**

Snowville Town's Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Noncapital assets	\$ 304,761	\$ 355,903
Capital assets	<u>314,351</u>	<u>229,386</u>
 Total assets	 <u>\$ 619,112</u>	 <u>\$ 585,289</u>
 Other liabilities	 <u>\$ 13,623</u>	 <u>\$ 9,327</u>
 Total liabilities	 <u>\$ 13,623</u>	 <u>\$ 9,327</u>
 Net assets:		
Investment in capital assets, net of related debt	\$ 314,351	229,386
Restricted	-	11,492
Unrestricted	<u>291,138</u>	<u>335,084</u>
 Total net assets	 <u>\$ 605,489</u>	 <u>\$ 575,962</u>

The balance of unrestricted net assets, \$291,138 (48.1 percent), may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year the Town is able to report positive balances in all categories of net assets.

See Accountants' Report

Snowville Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005

Snowville Town's Changes in Net Assets

	<u>Governmental</u> <u>Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Charges for services	\$ 100,760	\$ 77,250
Operating grants and contributions	18,617	18,203
Capital grants and contributions	8,034	94,708
General revenues:		
Property taxes	12,750	13,459
Other taxes	63,701	57,467
Other	<u>5,820</u>	<u>4,072</u>
Total revenues	<u>209,682</u>	<u>265,159</u>
Expenses:		
General government	38,725	34,415
Public safety	89,315	91,335
Highways and streets	19,926	10,668
Parks and cemetery	18,199	15,501
Sanitation	<u>13,990</u>	<u>12,962</u>
Total expenses	<u>180,155</u>	<u>164,881</u>
Increase in net assets	29,527	100,278
Prior period adjustment	-	8,270
Net assets, beginning	<u>575,962</u>	<u>467,414</u>
Net assets, ending	<u>\$ 605,489</u>	<u>\$ 575,962</u>

See Accountants' Report

Snowville Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005

Governmental Activities. Governmental activities increased the Town's net assets by \$29,527.

The increase in governmental net assets is mainly due to capitalizing new infrastructure as the Town paved the majority of the roads within the Town limits.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Government Funds. The purpose of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the Town's chief operating fund. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$106,273, which comprises the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved general fund balance represents 44 percent of total general fund expenditures. The fund balance of the Town's general fund decreased by \$63,000 during the current fiscal year.

The capital projects fund decreased mainly because of a transfer to the general fund for capital expenditures in connection with the roads.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original submitted budget for fiscal year 2005 was modified to reflect the income and actual costs incurred by the Town. Included in the budget adjustments was an increase in federal and state grant revenues, and an increase in highway and street expenditures for road construction project expenses. Additionally, the public safety expenditures budget decreased as the Town did not receive anticipated public safety equipment until after the end of the fiscal year.

See Accountants' Report

**Snowville Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental activities at June 30, 2005, amounted to \$314,351 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, roads and similar infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$84,965 (an increase of 37 percent for governmental activities). The increase in governmental capital assets was due to improving the roads of the Town.

**Snowville Town's Capital Assets
(Net of depreciation)**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Land	\$ 20,000	\$ 20,000
Buildings	85,209	89,819
Improvements other than buildings	28,934	29,924
Equipment	87,354	89,643
Infrastructure	<u>92,854</u>	<u>-</u>
Net capital assets	<u>\$ 314,351</u>	<u>\$ 229,386</u>

Additional information on the Town's capital assets can be found in Note 3 on pages 20 and 21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Snowville Town had all of the roads paved, with the exception of one. The roads in town are now better than they have ever been. Since the end of the fiscal year, the one remaining road has been chip sealed.

The Town received a new fire pump tanker engine shortly after the fiscal year end. The new fire engine has been included in the 2005-2006 budget year, as that is when it was received. It was purchased with a FEMA grant and will be used for structure fires, not on county fires.

See Accountants' Report

Snowville Town
Management's Discussion And Analysis (Continued)
For the Year Ended June 30, 2005

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (Continued)

The Town also received a new ambulance shortly after the fiscal year end which will better allow the Town to serve emergency needs. The new ambulance has been included in the budget for fiscal year 2005-2006, as that is when it was received. The new ambulance is also bigger than the previous ambulance. The ambulance was paid for with a \$20,000 grant from the state of Utah and other special projects funds.

See Accountants' Report

Snowville Town
Statement of Net Assets
June 30, 2005

	<u>Primary</u> <u>Government</u> <u>Governmental</u> <u>Activities</u>
Assets:	
Cash and cash equivalents	\$ 57,409
Investments	184,968
Accounts receivable, net of allowance for doubtful accounts of \$22,115	28,146
Prepaid expenses	3,077
Prepaid asset	5,000
Property taxes receivable	8,749
Sales and use tax receivable	5,856
B&C road fund receivable	4,592
Option tax receivable	6,964
Capital assets, net of accumulated depreciation:	
Land	20,000
Buildings	85,209
Improvements	28,934
Infrastructure	92,854
Equipment	87,354
 Total assets	 <u>619,112</u>
 Liabilities:	
Accounts payable and accrued liabilities	5,271
Deferred revenue	8,352
 Total liabilities	 <u>13,623</u>
 Net assets:	
Invested in capital assets, net of related debt	314,351
Unrestricted	291,138
 Total net assets	 <u><u>\$ 605,489</u></u>

See accompanying notes and Accountants' Report

Snowville Town
Statement of Activities
For the Year Ended June 30, 2005

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
General government	\$ 38,725	\$ 1,362	\$ -	\$ -	\$ (37,363)	\$ (37,363)
Public safety	89,315	85,001	544	8,034	4,264	4,264
Highways and streets	19,926	-	18,073	-	(1,853)	(1,853)
Parks and cemetery	18,199	2,040	-	-	(16,159)	(16,159)
Sanitation	13,990	12,357	-	-	(1,633)	(1,633)
Total governmental activities	<u>\$180,155</u>	<u>\$100,760</u>	<u>\$18,617</u>	<u>\$ 8,034</u>	<u>\$ (52,744)</u>	<u>\$ (52,744)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					\$ 12,750	\$ 12,750
Sales and use taxes					30,879	30,879
Town option tax					32,822	32,822
Unrestricted investment earnings					5,820	5,820
Total general revenues					<u>82,271</u>	<u>82,271</u>
Change in net assets					29,527	29,527
Net assets - beginning					575,962	575,962
Net assets - ending					<u>\$605,489</u>	<u>\$605,489</u>

Snowville Town
Balance Sheet - Governmental Funds
June 30, 2005

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents (Note 2)	\$ 57,409	\$ -	\$ 57,409
Investments (Note 2)	46,057	138,911	184,968
Prepaid expenses	3,077	-	3,077
Prepaid asset	5,000	-	5,000
Receivables (net)			
Sales and use tax	5,856	-	5,856
B&C road	4,592	-	4,592
Property tax	8,749	-	8,749
Option tax	<u>6,964</u>	<u>-</u>	<u>6,964</u>
Total assets	<u>\$ 137,704</u>	<u>\$ 138,911</u>	<u>\$ 276,615</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 5,271	\$ -	\$ 5,271
Deferred revenue	<u>26,160</u>	<u>-</u>	<u>26,160</u>
Total liabilities	<u>31,431</u>	<u>-</u>	<u>31,431</u>
Fund balances:			
Unreserved	<u>106,273</u>	<u>138,911</u>	<u>245,184</u>
Total fund balances	<u>106,273</u>	<u>138,911</u>	<u>245,184</u>
Total liabilities and fund balances	<u>\$ 137,704</u>	<u>\$ 138,911</u>	<u>\$ 276,615</u>

See accompanying notes and Accountants' Report

Snowville Town
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2005

Total fund balances - governmental fund types:	\$ 245,184
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	314,351
Revenues not considered available are deferred in the funds. These include \$5,856 in sales and use taxes, \$4,592 in B&C road allotment, \$6,963 in town option tax, and property tax of \$397.	17,808
EMS net receivables are not considered available in the funds. These include \$28,146 of net EMS receivables.	<u>28,146</u>
Net assets of governmental activities	<u>\$ 605,489</u>

See accompanying notes and Accountants' Report

Snowville Town
Statement of Revenues, Expenditures and Changes in Fund
Balance - Governmental Funds
For the Year Ended June 30, 2005

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 72,894	\$ -	\$ 72,894
Licenses & permits	1,362	-	1,362
Intergovernmental	18,440	-	18,440
Charges for services	74,139	-	74,139
Earnings on investments	2,798	3,023	5,821
Grants received	8,034	-	8,034
Miscellaneous	1,048	-	1,048
Total revenues	<u>178,715</u>	<u>3,023</u>	<u>181,738</u>
Expenditures:			
Current:			
General government	36,671	-	36,671
Public Safety	60,675	-	60,675
Parks and cemetery	19,476	-	19,476
Highways and streets	110,948	-	110,948
Sanitation	<u>13,945</u>	<u>-</u>	<u>13,945</u>
Total expenditures	<u>241,715</u>	<u>-</u>	<u>241,715</u>
Excess (deficiency) of revenues over expenditures	<u>(63,000)</u>	<u>3,023</u>	<u>(59,977)</u>
Other financing sources (uses):			
Transfers in	35,056	24,745	59,801
Transfers out	<u>(24,745)</u>	<u>(35,056)</u>	<u>(59,801)</u>
Total other financing sources (uses)	<u>10,311</u>	<u>(10,311)</u>	<u>-</u>
Net change in fund balances	(52,689)	(7,288)	(59,977)
Fund balance at beginning of year	<u>158,962</u>	<u>146,199</u>	<u>305,161</u>
Fund balance at end of year	<u>\$ 106,273</u>	<u>\$ 138,911</u>	<u>\$ 245,184</u>

See accompanying notes and Accountants' Report

Snowville Town
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance - Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2005

Net changes in fund balance - government funds. \$ (59,977)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 81,965

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 7,539

Change in net assets of governmental activities \$ 29,527

See accompanying notes and Accountants' Report

Snowville Town
Notes to Financial Statements
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The government of Snowville Town is governed by an elected mayor and four council members. As required by generally accepted accounting principles, these financial statements present the financial condition of the government. Snowville Town is not a component unit of any other entity, nor does it have any component units for which the government would be considered financially accountable.

B. Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental-type.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all governmental activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Financial statements are provided for the governmental funds. All individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

See Accountants' Report

Snowville Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statement, rather than reported as an expenditure.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The government has the following fund types:

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected by year end. Expenditures are recorded when the related fund liability is incurred.

Governmental funds include the following fund types:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **capital project fund** accounts for the acquisition of capital assets or construction of major capital projects.

See Accountants' Report

Snowville Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

i. *Cash and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with the original maturities of three months or less from the date of acquisition. Currently, the only investing is done with the State Treasurer's Investment Pool.

ii. *Capital Assets*

Capital assets used in governmental fund type operations are accounted for in the governmental activities column in the statement of net assets, but not in governmental funds. Governmental capital assets consisting of certain improvements other than buildings, including roads, bridges, streets, drainage systems, and lighting system, placed in service prior to June 30, 2003, have not been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible capital assets is charged as an expense against its operations in the government-wide financial statements. Accumulated depreciation is reported on the government-wide statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	5 - 30 years
Equipment	3 - 15 years
Infrastructure	10 - 20 years

See Accountants' Report

Snowville Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Budget and Budgetary Accounting

The Town follows the budget and budgetary accounting procedures established by Utah law and described in the Uniform Accounting Manual for Utah Cities and Towns. The current year budget was amended according to Utah law.

NOTE 2. CASH AND INVESTMENTS

Snowville Town's carrying amount of deposits was \$57,409 and the bank balance was \$57,779. At year end, the entire amount was covered by Federal Depository Insurance.

Statutes authorize Snowville Town to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Records and the State Treasurer's Investment Pool. Investments in the State Treasurer's Investment Pool are unrated for credit risk purposes.

	<u>Carrying Amount</u>	<u>Market Value</u>
State Treasurer's Pool	\$ <u>184,968</u>	\$ <u>184,997</u>
Total investments	\$ <u>184,968</u>	\$ <u>184,997</u>

All cash and investment practices of Snowville Town are in accordance with the State Money Management Act and are done in an effort to maximize the return on investment.

See Accountants' Report

Snowville Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 3. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year:

Governmental Activities

	Balance <u>June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2005</u>
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated:				
Buildings	140,463			140,463
Improvements	57,107	2,885		59,992
Infrastructure	-	96,056		96,056
Equipment	<u>237,820</u>	<u>20,476</u>	<u>-</u>	<u>258,296</u>
Totals at historical cost	<u>455,390</u>	<u>119,417</u>	<u>-</u>	<u>574,807</u>
Less accumulated depreciation for:				
Buildings	(50,644)	(4,610)		(55,254)
Improvements	(27,183)	(3,875)		(31,058)
Infrastructure	-	(3,201)		(3,201)
Equipment	<u>(148,177)</u>	<u>(22,766)</u>	<u>-</u>	<u>(170,943)</u>
Total accumulated depreciation	<u>(226,004)</u>	<u>(34,452)</u>	<u>-</u>	<u>(260,456)</u>
Government activities capital assets, net	<u>\$ 229,386</u>	<u>\$ 84,965</u>	<u>\$ -</u>	<u>\$ 314,351</u>

See Accountants' Report

Snowville Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 3. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 2,054
Public safety	22,424
Highway and streets	5,034
Sanitation	46
Parks and cemetery	<u>4,894</u>

Total depreciation expense - governmental activities	<u>\$ 34,452</u>
---	------------------

NOTE 4. PROPERTY TAX

Property taxes attached as an enforceable lien on property as of January 1. Taxes are levied on June 15, and are due November 30. Property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of GASB.

NOTE 5. RISK MANAGEMENT

Snowville Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. All general liability, real property, and all vehicles, including heavy equipment, are insured through Utah Local Government Trust. Injuries to employees are insured through Utah Local Government Trust. Settled claims have not exceeded the Town's insurance. For insured programs, there have been no significant reductions in insurance coverage.

See Accountants' Report

REQUIRED SUPPLEMENTARY INFORMATION

Snowville Town
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2005

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 47,125	\$ 52,650	\$ 72,894	\$ 20,244
Licenses and permits	26,000	1,700	1,362	(338)
Charges for service	57,000	75,245	74,139	(1,106)
Intergovernmental	16,200	16,400	18,440	2,040
Earnings on investments	3,000	2,000	2,798	798
Grants received	96,988	50,494	8,034	(42,460)
Miscellaneous	100	100	1,048	948
Total revenues	<u>246,413</u>	<u>198,589</u>	<u>178,715</u>	<u>(19,874)</u>
Expenditures:				
General government	35,000	46,250	36,671	9,579
Public safety	134,988	76,994	60,675	16,319
Highways and streets	30,000	123,000	110,948	12,052
Sanitation	16,000	15,600	13,945	1,655
Culture and recreation	18,425	15,000	19,476	(4,476)
Total expenditures	<u>234,413</u>	<u>276,844</u>	<u>241,715</u>	<u>35,129</u>
Excess (deficiency) of revenues over expenditures	12,000	(78,255)	(63,000)	15,255
Other financing sources (uses):				
Transfers in (out)	<u>(20,000)</u>	<u>15,255</u>	<u>10,311</u>	<u>25,566</u>
Total other financing sources	<u>(20,000)</u>	<u>15,255</u>	<u>10,311</u>	<u>25,566</u>
Net change in fund balance	(8,000)	(63,000)	(52,689)	40,821
Appropriated increase in fund balance	8,000	63,000	-	(63,000)
Fund balance at beginning of year	<u>158,962</u>	<u>158,962</u>	<u>158,962</u>	<u>-</u>
Fund balance at end of year	<u>\$ 158,962</u>	<u>\$ 158,962</u>	<u>\$ 106,273</u>	<u>\$ (22,179)</u>

See Accountants' Report

Snowville Town
Note to Budgetary Comparison Schedule
June 30, 2005

The Culture and Recreation Department of the general fund had expenditures in excess of budget of \$4,476 for the year ended June 30, 2005. This is a violation of state law.

See Accountants' Report